

**CANNONVILLE TOWN
FINANCIAL STATEMENTS
JUNE 30, 2006**

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Honorable Mayor and Town Council
Cannonville Town
Cannonville, Utah 84718

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Cannonville Town as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 13 and 40 through 42, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

Richfield, Utah
July 18, 2006

TOWN OF CANNONVILLE MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion of the Town of Cannonville's financial performance provided an overview of the Town's financial activities for the year ending June 30, 2006. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, public health, highways and public improvements, park and recreation, and economic development. Additional services provided to residents in the unincorporated areas include road maintenance and fire control.

Financial Highlights

- * The assets of the Town of Cannonville exceeded its liabilities as of the close of the most recent year by \$1,206,089 (net assets). Of this amount, \$90,834 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets decreased by \$2,917. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the Town of Cannonville governmental fund reported ending fund balance of \$119,407 an increase of \$10,377 in comparison with the prior year. Approximately 63 percent of this total amount, \$74,907, is available for spending at the town's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$74,907, or 111 percent of total general fund expenditures.
- * The Town of Cannonville's total debt decreased by \$14,200 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Cannonville's basic financial statements. The Town of Cannonville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Cannonville's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town of Cannonville's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Cannonville is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town of Cannonville that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town of Cannonville include general government, public safety, highways and streets, and parks and recreating. The business-type activity of the Town of Cannonville is the culinary water system.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. the Town of Cannonville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town of Cannonville can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Cannonville adopts an annual appropriated budget for its governmental fund, the general fund. Budgetary comparison statements have been provided for the general to demonstrate compliance with the budget. Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

The Town of Cannonville maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Cannonville uses an enterprise fund to account for its culinary water system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, which is considered to be a major fund of the Town of Cannonville.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Cannonville.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Cannonville, assets exceeded liabilities by \$1,206,089 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (88 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, improvements and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Town of Cannonville's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Current and Other Assets	109,030	119,407	35,821	30,102	144,851	149,509
Capital Assets	356,474	367,779	985,331	952,131	1,341,805	1,319,910
Total Assets	465,504	487,186	1,021,152	982,233	1,486,656	1,469,419
Long-Term Liabilities	-	-	274,900	260,700	274,900	260,700
Other Liabilities	-	-	2,750	2,630	2,750	2,630
Total Liabilities	-	-	277,650	263,330	277,650	263,330
Invested in Capital Assets						
Net of Related Debt	356,474	367,779	707,681	688,801	1,064,155	1,056,580
Restricted	43,000	44,500	11,450	14,175	54,450	58,675
Unrestricted	66,030	74,907	24,371	15,927	90,401	90,834
Total Net Assets	465,504	487,186	743,502	718,903	1,209,006	1,206,089

A portion of the Town of Cannonville's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$90,834) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town of Cannonville is able to report positive balances in all three categories of net assets both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities increased the Town's net assets by \$10,377. Key elements of this increase follows:

Town of Cannonville's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program Revenues:						
Charges for Services	4,188	8,605	39,057	54,937	43,245	63,542
Operating Grants and Contributions	23,945	30,371	-	-	23,945	30,371
General Revenues:						
Property Taxes	15,166	19,133	-	-	15,166	19,133
Other Taxes	21,075	19,811	-	-	21,075	19,811
Unrestricted Investment Earnings	1,076	123	320	118	1,396	241
Other	-	-	-	622	-	622
Total Revenues	<u>65,450</u>	<u>78,043</u>	<u>39,377</u>	<u>55,677</u>	<u>104,827</u>	<u>133,720</u>
Expenses:						
General Government	32,567	33,476	-	-	32,567	33,476
Public Safety	-	-	-	-	-	-
Highways and Public Improvements	14,471	8,436	-	-	14,471	8,436
Parks and Recreation	305	14,449	-	-	305	14,449
Interest on Long-Term Debt	-	-	5,725	5,639	5,725	5,639
Culinary Water	-	-	58,653	74,637	58,653	74,637
Total Expenses	<u>47,343</u>	<u>56,361</u>	<u>64,378</u>	<u>80,276</u>	<u>111,721</u>	<u>136,637</u>
Increase in Net Assets Before Transfers	18,107	21,682	(25,001)	(24,599)	(6,894)	(2,917)
Transfers	-	-	-	-	-	-
Increase in Net Assets	18,107	21,682	(25,001)	(24,599)	(6,894)	(2,917)
Net Assets - Beginning	<u>447,397</u>	<u>465,504</u>	<u>768,503</u>	<u>743,502</u>	<u>1,215,900</u>	<u>1,209,006</u>
Net Assets - Ending	<u>465,504</u>	<u>487,186</u>	<u>743,502</u>	<u>718,903</u>	<u>1,209,006</u>	<u>1,206,089</u>

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities decreased the Town of Cannonville's net assets by (\$24,599), accounting for 100 percent of the total decrease in the government's net assets.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Cannonville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

Proprietary Funds

The Town of Cannonville's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$15,927. Other factors concerning the finances of this fund has already been addressed in the discussion of the Town of Cannonville business type activity.

General Fund Budgetary Highlights

There were no changes between the original budget and the final budget.

Capital Asset and Debt Administration

Capital Assets

The Town of Cannonville's investment in capital assets for its governmental activities as of June 30, 2006, was \$367,779 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings and infrastructure, which includes paved and gravel roads. During the year the Town purchased land for \$21,000.

Town of Cannonville's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Land	36,925	57,925	13,500	13,500	50,425	71,425
Infrastructure	10,000	8,750	-	-	10,000	8,750
Buildings	304,020	295,575	-	-	304,020	295,575
Improvements Other than Buildings	5,529	5,529	971,831	938,631	977,360	944,160
Equipment	-	-	-	-	-	-
Total	<u>356,474</u>	<u>367,779</u>	<u>985,331</u>	<u>952,131</u>	<u>1,341,805</u>	<u>1,319,910</u>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town of Cannonville had total bonded debt outstanding of \$260,700. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

	Business-Type Activities	
	2005	2006
Revenue Bonds	<u>\$274,900</u>	<u>\$260,700</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The current debt limitation for the Town of Cannonville is approximately \$800,000. The Town of Cannonville has no general obligation debt.

Additional information on the Town of Cannonville's long-term debt can be found in the notes of the financial statements.

All of these factors were considered in preparing the Town of Cannonville's budget for 2006 year.

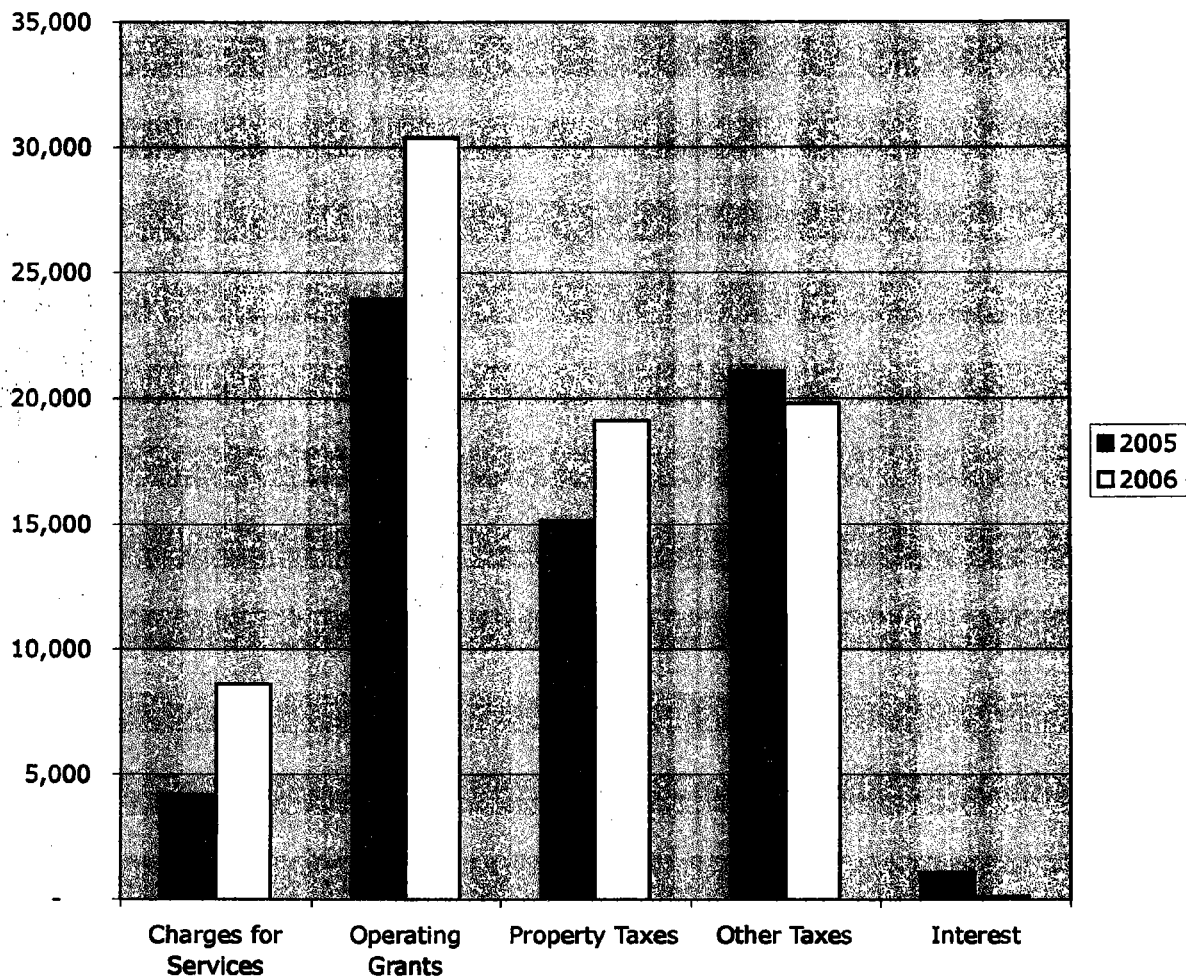
Request for Information

This financial report is designed to provide a general overview of the Town of Cannonville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Cannonville Clerk, Cannonville, Utah, 84718.

**Town of Cannonville
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2006**

	2005	2006
Charges for Services	4,188	8,605
Operating Grants	23,945	30,371
Property Taxes	15,166	19,133
Other Taxes	21,075	19,811
Interest	1,076	123
Total Revenues	65,450	78,043

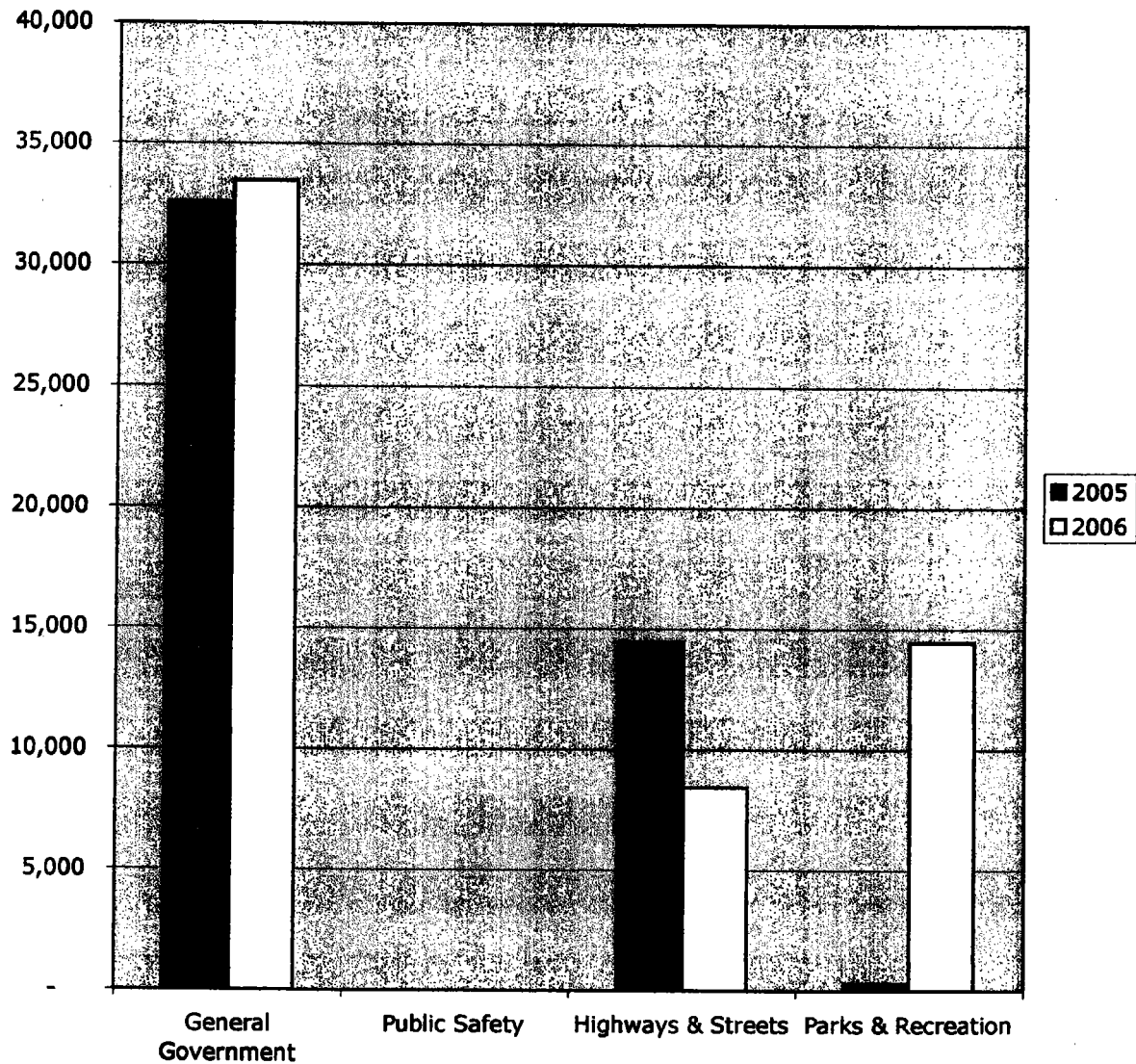
Governmental Revenues



**Town of Cannonville
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2006**

	2005	2006
General Government	32,567	33,476
Public Safety	-	-
Highways & Streets	14,471	8,436
Parks & Recreation	305	14,449
Total Expenditures	47,343	56,361

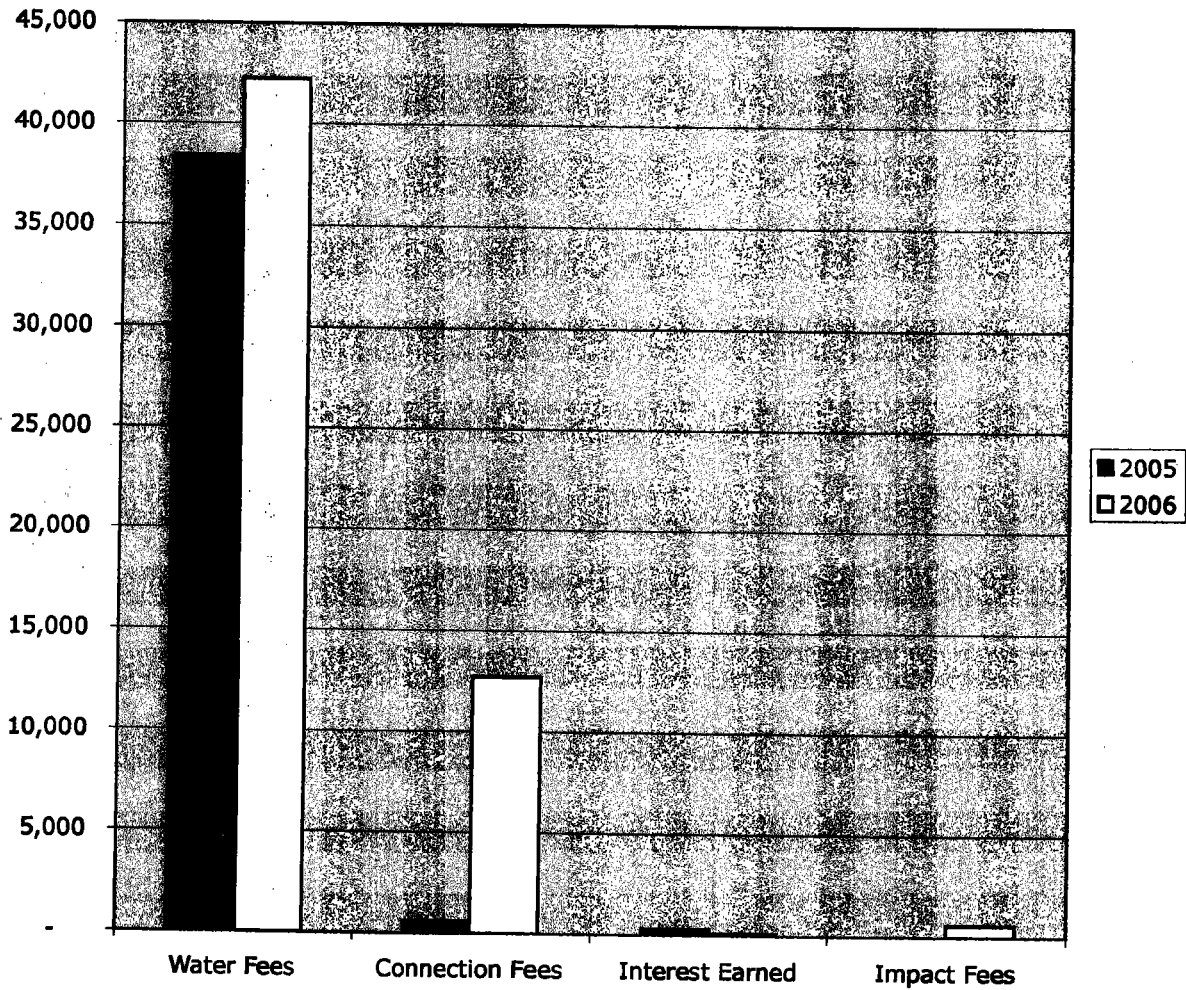
Governmental Expenditures



Town of Cannonville
Business-Type Revenues
For The Fiscal Years Ending June 30, 2005 and 2006

	2005	2006
Water Fees	38,437	42,209
Connection Fees	620	12,728
Interest Earned	320	118
Impact Fees	-	622
Total Revenues	39,377	55,677

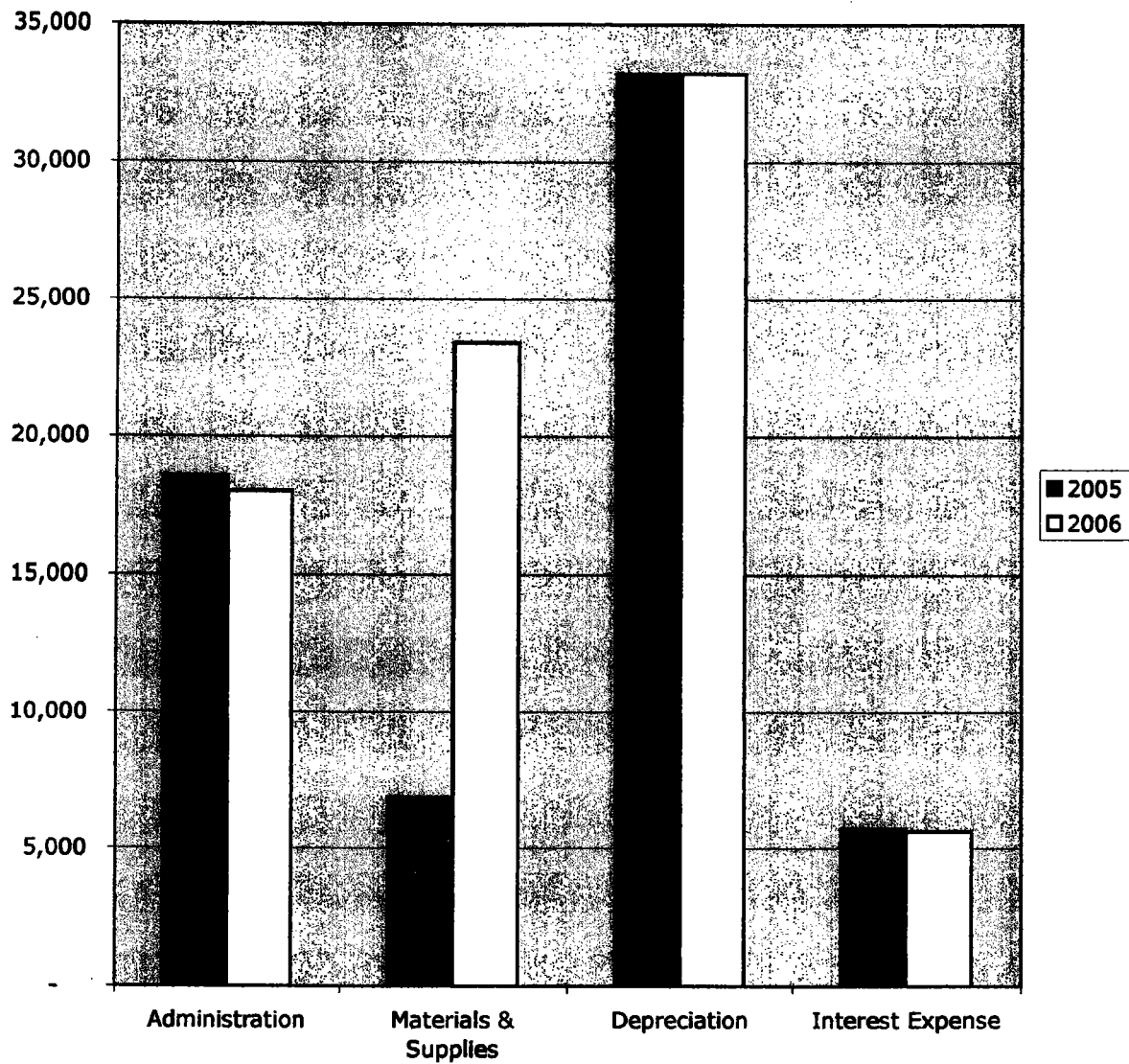
Business-Type Revenues



**Town of Cannonville
Business Type Expenditures
For The Fiscal Years Ending June 30, 2005 and 2006**

	2005	2006
Administration	18,599	18,015
Materials & Supplies	6,854	23,422
Depreciation	33,200	33,200
Interest Expense	5,725	5,639
Total Expenditures	64,378	80,276

Business-Type Expenditures



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is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**CANNONVILLE TOWN
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	118,095	12,927	131,022
Accounts Receivable (Net)	-	3,000	3,000
Due From Other Governmental Units	1,312	-	1,312
Total Current Assets	119,407	15,927	135,334
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	14,175	14,175
Capital Assets (Net of Accumulated Depreciation):			
Land	57,925	13,500	71,425
Buildings	295,575	-	295,575
Equipment	5,529	-	5,529
Improvements Other Than Buildings	-	938,631	938,631
Infrastructure	8,750	-	8,750
Total Noncurrent Assets	367,779	966,306	1,334,085
TOTAL ASSETS	487,186	982,233	1,469,419
LIABILITIES			
Current Liabilities:			
Bond Interest Payable	-	2,630	2,630
Revenue Bonds Payable - Due Within One Year	-	14,200	14,200
Total Current Liabilities	-	16,830	16,830
Noncurrent Liabilities:			
Revenue Bonds Payable - More Than One Year	-	246,500	246,500
Total Noncurrent Liabilities	-	246,500	246,500
TOTAL LIABILITIES	-	263,330	263,330
NET ASSETS			
Investment in Capital Assets, Net of Debt	367,779	688,801	1,056,580
Restricted For:			
Bond Retirement	-	14,175	14,175
Class C Road	44,500	-	44,500
Unrestricted	74,907	15,927	90,834
TOTAL NET ASSETS	487,186	718,903	1,206,089
TOTAL LIABILITIES AND NET ASSETS	487,186	982,233	1,469,419

See accompanying notes and accountant's report.

CANNONVILLE TOWN STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	33,476	8,605	-	-	(24,871)	-
Public Safety	-	-	2,257	-	2,257	-
Highways and Public Improvements	8,436	-	28,114	-	19,678	-
Culture and Recreation	14,449	-	-	-	(14,449)	-
Interest on Long-Term Debt	-	-	-	-	-	(5,639)
Total Governmental Activities	56,361	8,605	30,371	-	(17,385)	(5,639)
Business-Type Activities:						
Water System	74,637	55,559	-	-	-	(19,078)
Total Primary Government	130,998	64,164	30,371	-	(17,385)	(24,717)
General Revenues:						
Property Taxes					19,133	-
Fee-In-Lieu of Property Taxes					3,269	-
Sales Taxes					16,542	-
Unrestricted Investment Earnings					123	118
Total General Revenues and Transfers					39,067	118
Change in Net Assets					21,682	(24,599)
Net Assets - Beginning					465,504	743,502
Net Assets - Ending					487,186	718,903

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	118,095
Due From Other Governmental Units	<u>1,312</u>
TOTAL ASSETS	<u><u>119,407</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities	<u>-</u>
Fund Balances:	
Reserved For:	
Class "C" Road	44,500
Unreserved, Reported In:	
General Fund	<u>74,907</u>
Total Fund Balance	<u><u>119,407</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>119,407</u></u>

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

June 30, 2006

Total Fund Balances - Governmental Fund Types	119,407
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	57,925	
Buildings	295,575	
Equipment	5,529	
Infrastructure	<u>8,750</u>	

Total	<u>367,779</u>
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Net Assets of Government Activities	<u><u>487,186</u></u>
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**CANNONVILLE TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
Revenues:	
Taxes	38,944
Licenses and Permits	695
Intergovernmental Revenue	30,371
Interest	123
Miscellaneous Revenues	<u>7,910</u>
Total Revenues	<u>78,043</u>
Expenditures:	
Current:	
General Government	25,031
Highways and Public Improvements	28,186
Culture and Recreation	<u>14,449</u>
Total Expenditures	<u>67,666</u>
Net Change In Fund Balance	10,377
Fund Balance - Beginning	<u>109,030</u>
Fund Balance - Ending	<u><u>119,407</u></u>

See accompanying notes and accountant's report.

CANNONVILLE TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	10,377
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	21,000	
Depreciation	<u>(9,695)</u>	
Total		<u>11,305</u>

Changes In Net Assets of Governmental Activities	<u><u>21,682</u></u>
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**CANNONVILLE TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity <u>Enterprise Fund</u>	<u>Water Fund</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	12,927	
Accounts Receivable	<u>3,000</u>	
Total Current Assets		<u>15,927</u>
Noncurrent Assets:		
Investments - Restricted:		
Bond Reserves	14,175	
Capital Assets: (Net of Accumulated Depreciation)		
Land	13,500	
Water Improvements	<u>938,631</u>	
Total Noncurrent Assets		<u>966,306</u>
TOTAL ASSETS		<u><u>982,233</u></u>
LIABILITIES:		
Current Liabilities:		
Bond Interest Payable	2,630	
Bonds Payable - Current Portion	<u>14,200</u>	
Total Current Liabilities		<u>16,830</u>
Noncurrent Liabilities:		
Bonds Payable - Long-Term Portion	<u>246,500</u>	
TOTAL LIABILITIES		<u>263,330</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	688,801	
Restricted for Bond Reserves	14,175	
Unrestricted	<u>15,927</u>	
TOTAL NET ASSETS		<u>718,903</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>982,233</u></u>

See accompanying notes and accountant's report.

CANNONVILLE TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2006

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water Fees	42,209
Connection Fees	<u>12,728</u>
Total Operating Revenues	<u>54,937</u>
Operating Expenses:	
Administration	18,015
Materials and Supplies	23,422
Depreciation	<u>33,200</u>
Total Operating Expenses	<u>74,637</u>
Operating Income	<u>(19,700)</u>
Nonoperating Revenues (Expenses):	
Investment Earnings	118
Interest Expense	(5,639)
Impact Fees	<u>622</u>
Total Nonoperating Revenues (Expenses)	<u>(4,899)</u>
Change in Net Assets	(24,599)
Total Net Assets - Beginning	<u>743,502</u>
Total Net Assets - Ending	<u><u>718,903</u></u>

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	55,000
Payments to Suppliers	(33,750)
Payments to Employees	<u>(7,807)</u>
Net Cash Provided by Operating Activities	<u>13,443</u>
Cash Flows From Capital and Related Financing Activities:	
Impact Fees	622
Principal Paid on Capital Debt	(14,200)
Interest Paid on Capital Debt	<u>(5,639)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(19,217)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>118</u>
Net Cash Provided (Used) by Investing Activities	<u>118</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,656)
Cash and Cash Equivalents - Beginning	<u>32,758</u>
Cash and Cash Equivalents - Ending	<u><u>27,102</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>(19,700)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided	
Provided (Used) By Operating Activities:	
Depreciation	33,200
Increase (Decrease) in Operating Assets:	
Accounts Receivable	63
Accrued Liabilities	<u>(120)</u>
Total Adjustments	<u>33,143</u>
Net Cash Provided (Used) by Operating Activities	<u><u>13,443</u></u>

See accompanying notes and accountant's report.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cannonville Town conform to accounting principles generally accepted in the United States of America as applicable to governments.

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Cannonville Town is a municipal corporation in Garfield County, Utah. It is governed by an elected mayor and four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Cannonville Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government reports the following Proprietary Funds:

The Water Fund accounts for the activities of the culinary water operation. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the culinary water fund are charges to customers for water used. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water Systems	40 Years
Buildings	40 Years
Infrastructure - Roads	20 Years
Equipment	10 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Property Taxes

Property taxes are assessed and collected for the Town by Garfield County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town Board on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town Board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	11,696
Investment - PTIF	<u>133,501</u>
Total Cash and Investments	<u><u>145,197</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	118,095
Business-Type Activities - Unrestricted	12,927
Business-Type Activities - Restricted	<u>14,175</u>
Total Cash and Cash Equivalents	<u><u>145,197</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$15,344 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

For the year ended June 30, 2006, the local governments has investments of \$133,501 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - IMPACT FEES

Effective July 1, 2000, the town adopted an impact fee ordinance for water connections. The impact fee for water is \$1,250 and is recorded as other revenue in the Water Fund.

New water connections that require a service line and meter will pay a one time impact fee of \$3,750.

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the water system, or other expenditures allowed by law.

These funds must be expended within six years from receipt or returned with interest to the payer.

Impact Fees Received to Date	4,622
Impact Fees Expended to Date	<u>(4,622)</u>
Balance at June 30, 2006	<u><u>-</u></u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>36,925</u>	<u>21,000</u>	<u>-</u>	<u>57,925</u>
Total Capital Assets Not Being Depreciated	<u>36,925</u>	<u>21,000</u>	<u>-</u>	<u>57,925</u>
Capital Assets Being Depreciated:				
Buildings	337,800	-	-	337,800
Equipment	5,529	-	-	5,529
Infrastructure - Roads	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total Capital Assets Being Depreciated	<u>368,329</u>	<u>-</u>	<u>-</u>	<u>368,329</u>
Less Accumulated Depreciation For:				
Buildings	28,251	8,445	-	36,696
Equipment	5,529	-	-	5,529
Infrastructure - Roads	<u>15,000</u>	<u>1,250</u>	<u>-</u>	<u>16,250</u>
Total Accumulated Depreciation	<u>48,780</u>	<u>9,695</u>	<u>-</u>	<u>58,475</u>
Total Capital Assets Being Depreciated (Net)	<u>319,549</u>	<u>(9,695)</u>	<u>-</u>	<u>309,854</u>
Governmental Activities Capital Assets, Net	<u><u>356,474</u></u>	<u><u>11,305</u></u>	<u><u>-</u></u>	<u><u>367,779</u></u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 4 - CAPITAL ASSETS CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
 Total Capital Assets Not Being Depreciated	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
 Capital Assets Being Depreciated:				
Water System	328,446	-	-	328,446
New Water System	<u>1,002,000</u>	<u>-</u>	<u>-</u>	<u>1,002,000</u>
 Total Capital Assets Being Depreciated	<u>1,330,446</u>	<u>-</u>	<u>-</u>	<u>1,330,446</u>
 Less Accumulated Depreciation For:				
Water System	263,315	8,200	-	271,515
New Water System	<u>95,300</u>	<u>25,000</u>	<u>-</u>	<u>120,300</u>
 Total Accumulated Depreciation	<u>358,615</u>	<u>33,200</u>	<u>-</u>	<u>391,815</u>
 Total Capital Assets Being Depreciated (Net)	<u>971,831</u>	<u>(33,200)</u>	<u>-</u>	<u>938,631</u>
 Business Type Activities Capital Assets, Net	<u>985,331</u>	<u>(33,200)</u>	<u>-</u>	<u>952,131</u>
 Total Assets - Government Wide	<u><u>1,341,805</u></u>	<u><u>(21,895)</u></u>	<u><u>-</u></u>	<u><u>1,319,910</u></u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	8,445	-	8,445
Public Health	-	33,200	33,200
Highways and Public Improvements	1,250	-	1,250
Total Depreciation Expense	<u>9,695</u>	<u>33,200</u>	<u>42,895</u>

NOTE 5 - LONG-TERM DEBT

Water Improvement Projects:

During the 2000/2001 fiscal year the Town obtained financing for a new water system including a new well, a 300,000 gallon water tank, and new water trunk lines. The funding for the project was as follows:

Community Impact Board Loan	100,000
Drinking Water Board Loan	200,000
Community Impact Board Grant	310,000
Drinking Water Board Grant	200,000
Local	<u>13,000</u>
Total Funding	<u>823,000</u>

The loan from the Community Impact Board requires payment over 20 years with interest at 3%. The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	4,000	2,400	6,400
2007-2008	5,000	2,280	7,280
2008-2009	5,000	2,130	7,130
2009-2010	5,000	1,980	6,980
2010-2011	5,000	1,830	6,830
2012-2016	26,000	8,900	34,900
2017-2021	<u>30,000</u>	<u>2,700</u>	<u>32,700</u>
Total	<u>80,000</u>	<u>22,220</u>	<u>102,220</u>

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Water Improvement Projects (Continued):

The loan from the Drinking Water Board requires payment over 20 years with interest at 1.41%.
The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	9,000	2,186	11,186
2007-2008	10,000	2,059	12,059
2008-2009	10,000	1,918	11,918
2009-2010	10,000	1,777	11,777
2010-2011	10,000	1,508	11,508
2012-2016	51,000	5,102	56,102
2017-2021	<u>55,000</u>	<u>1,410</u>	<u>56,410</u>
Total	<u>155,000</u>	<u>15,960</u>	<u>170,960</u>

During the 2001/2002 fiscal year the Town obtained financing for a arsenic removal filter system for the new water well. The funding for this project will be as follows:

Community Impact Board Grant	57,834
Community Impact Board Loan	28,916
Rural Development Grant	<u>86,750</u>
Total Funding	<u>173,500</u>

The loan from the Community Impact Board requires payment over 20 years with interest at 3%.
The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	1,200	771	1,971
2007-2008	1,200	735	1,935
2008-2009	1,300	699	1,999
2009-2010	1,300	660	1,960
2010-2011	1,300	621	1,921
2012-2016	7,300	24,181	31,481
2017-2021	8,400	1,326	9,726
2022-2026	<u>3,700</u>	<u>333</u>	<u>4,033</u>
Total	<u>25,700</u>	<u>29,326</u>	<u>55,026</u>

CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in bonds payable:

Bond Issue:	Date of Issue	Interest Rate	Total Authorized	Outstanding June 30, 2005	Current Year Changes		Outstanding June 30, 2006
					Issued	Matured	
Water Revenue Bond Community Impact Board	2001	3%	100,000	84,000	-	4,000	80,000
Water Revenue Bond Drinking Water Board	2001	1.41%	200,000	164,000	-	9,000	155,000
Water Revenue Bond Drinking Water Board	2002	3%	28,916	26,900	-	1,200	25,700
			328,916	274,900	-	14,200	260,700

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The following is a summary of total debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	14,200	5,357	19,557
2007-2008	16,200	5,074	21,274
2008-2009	16,300	4,747	21,047
2009-2010	16,300	4,417	20,717
2010-2011	16,300	3,959	20,259
2012-2016	84,300	14,483	98,783
2017-2021	93,400	5,436	98,836
2022-2026	<u>3,700</u>	<u>333</u>	<u>4,033</u>
Total	<u>260,700</u>	<u>43,806</u>	<u>304,506</u>

NOTE 6 - RESERVED FUND BALANCE - CLASS "C" ROAD

The Town receives Class "C" Road money from the State of Utah for road construction and maintenance. The unexpended portion of this money is shown as reserved fund balance in the financial statements.

The following is schedule of receipts and disbursements in the Class "C" Road:

Balance - Beginning of Year	43,000
Receipts:	
State Allotments	7,114
Interest	<u>1,384</u>
Total Receipts	8,498
Disbursements	<u>(6,998)</u>
Balance - End of Year	<u>44,500</u>

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The town participates in the Utah Local Governments Trust. The insurance coverage's are written on a group purchase arrangement. All of the insurance coverage is brokered and written through various insurance companies. Utah Local Government Trust acts as the broker.

**CANNONVILLE TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 7 - RISK MANAGEMENT (CONTINUED)

Liability:

The Town is insured for \$2,000,000 combined single limit with a \$0.00 deductible per occurrence for Comprehensive General Liability. Bodily injury, personal injury, property damage, public officials errors and omissions coverage \$2,000,000 aggregate each policy period with no deductible each accident.

Automobile Liability:

The Town is insured for automobile bodily injury for \$2,000,000 combined single limit per accident with a \$500 deductible each accident. Property damage \$1,000,000 aggregate each policy period. The coverage also covers uninsured motorist \$50,000 each accident and \$50,000 each policy period.

Property:

All of the property coverage is brokered and written through United States Fidelity and Guaranty Insurance Company. Buildings and equipment are covered based on replacement costs subject to a \$1,000 deductible.

Workers Compensation:

This coverage is provided through the Workers Compensation Fund of Utah.

The Town has not experienced any significant reduction in insurance coverage from the previous year nor has it paid any settlements in excess of insurance coverage in the past three fiscal years.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**CANNONVILLE TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2005	<u>109,030</u>	<u>109,030</u>	<u>109,030</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	14,679	14,679	19,133	4,454
General Sales and Use Taxes	16,000	16,000	16,542	542
Fee-In-Lieu	<u>4,000</u>	<u>4,000</u>	<u>3,269</u>	<u>(731)</u>
Total Taxes	<u>34,679</u>	<u>34,679</u>	<u>38,944</u>	<u>4,265</u>
Licenses and Permits:				
Business Licenses	<u>350</u>	<u>350</u>	<u>695</u>	<u>345</u>
Intergovernmental Revenue:				
Class C Road	7,500	7,500	7,114	(386)
State Liquor Allotment	250	250	-	(250)
State Grant	12,000	12,000	-	(12,000)
Garfield County	-	-	21,000	21,000
Garfield County Fire Protection	<u>2,000</u>	<u>2,000</u>	<u>2,257</u>	<u>257</u>
Total Intergovernmental Revenue	<u>21,750</u>	<u>21,750</u>	<u>30,371</u>	<u>8,621</u>
Miscellaneous Revenue:				
Rents	3,000	3,000	2,775	(225)
Interest	800	800	123	(677)
Other	200	200	5,135	4,935
Use of Surplus	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>(50,000)</u>
Total Miscellaneous Revenue	<u>54,000</u>	<u>54,000</u>	<u>8,033</u>	<u>(45,967)</u>
Amounts Available for Appropriation	<u>219,809</u>	<u>219,809</u>	<u>187,073</u>	<u>(32,736)</u>

**CANNONVILLE TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(See Note A)</u>	<u>Positive</u> <u>(Negative)</u>
Charges to Appropriations (Outflows):				
General Government:				
Administration	14,000	14,000	17,712	(3,712)
Professional Services	2,600	2,600	-	2,600
Other	14,000	14,000	7,319	6,681
Total General Government	30,600	30,600	25,031	5,569
Public Safety:				
Fire Department	8,000	8,000	-	8,000
Highway and Public Improvements:				
Repairs and Maintenance	50,000	50,000	27,973	22,027
Sanitation	250	250	213	37
Total Highways and Public Improvements	50,250	50,250	28,186	22,064
Culture and Recreation:				
Parks and Recreation	21,929	21,929	14,449	7,480
Total Charges to Appropriations	110,779	110,779	67,666	43,113
Budgetary Fund Balance - June 30, 2006	109,030	109,030	119,407	10,377

**CANNONVILLE TOWN
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	187,073
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(109,030)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>78,043</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	67,666
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>67,666</u></u>